



State of Utah

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

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May 16, 1996

TO: Minerals File

FROM: Tony Gallegos, Reclamation Engineer *aa*

RE: Site Inspection, American Gilsonite., Bonanza Operations, M/047/010, Uintah County, Utah

Date of Inspection: May 10, 1996
Time of Inspection: 0840 - 1430
Conditions: Partly cloudy, warm
Participants: Neldon Kunz, American Gilsonite; Tony Gallegos, and Lynn Kunzler, DOGM

Purpose of Inspection: To examine the current status of the operations.

The inspection began with a brief meeting at the American Gilsonite offices in Bonanza. The meeting consisted of a review of the list of mine sites included in the current bond package. Mr. Kunz presented a map of the current sites, which were then checked against the list. A number of modifications need to be made to the list and a new table of sites and current status should be made.

The inspection began with a brief drive-by tour of the plant facilities. There have been no major changes to the plant facilities with the exception of a new water line which was put in and is evident by a small berm of soil which is covering the pipeline to insulate it. This berm of soil was used as insulation due to the difficulty of digging in the rock and burying the pipeline below the frost line. We drove past sites B-12 and B-16 and briefly stopped at site B-14. Site B-14 is used as for water discharge only. The water from this particular mine does not require a pH treatment. The water has a high TDS, but the pH is around 9. This water is pumped onto the ground and runs over the surface until it eventually sinks into the porous soils.

We next drove past site I-18, which has a number of buildings on site which are currently being used for storage. The site is not active at this time other than the use of the buildings. We drove past site I-16, which is in a state of suspension. For this inspection, the term "suspension" means that there are facilities and equipment at the site which may be used in the future, but there is no mining activity currently taking place at the site.

We next drove past site I-15, which is also in a state of suspension. Site I-15 has the minimum complement of equipment compared to the previous site. We then drove to site I-30, which is on a state lease. Site I-30 is also currently in a state of suspension. The ore at this site has a low melting point, which causes some problems in the marketing and handling.



We next visited site B-38, which is near some Ziegler operations. This site is also in suspension. In order to put this shaft into production, American Gilsonite would need to first create a new escapeway. The old escapeway associated with this shaft was a considerable distance away and had a large number of old and unstable underground workings.

The next site visited was B-40. This site was considered closed and partially reclaimed. Most of the equipment and facilities are removed from the site; however, there are some ponds and a pad which need to be regraded and reseeded. We next drove by site B-42 and site B-44 which are both in a state of suspension.

The next area visited was Wagonhound-17 (WH-17). Wagonhound-17 is a new mine, approximately one year old which does not show up on the current listing of American Gilsonite sites. This site will need to be added to the updated list.

The next area visited was Little Emma-3 (LE-3). This site was officially released by the Division. The next site visited was LE-4. At this site are two main disturbed areas. One area is a pond located on the south side of the road. The other area includes the shaft and other facilities located on the north side of the road. This site was estimated to be reclaimed in 1991 by Nelson; although we will need to check the records. The Division has not yet formally released this site. The regrading of the area north of the access road blends into the hillside well. The surface on this side is somewhat rocky. There were no major erosional problems on the north side. The vegetation cover on this area was estimated at 10%. The species found are Indian ricegrass, crested wheatgrass, western wheatgrass, mountain brome, alfalfa, shadscale, and sagebrush. The Division will need to check the annual reports for the date this area was seeded.

We next examined the pond area, which is located south of the road. There is a lot of cheat grass on this part of the reclaimed site; however, the amount of desirable species are still sufficient to satisfy revegetation success. This site could be officially released by the Division.

The next area visited was LE-5. We drove past this site which was shut down, but still had equipment located on the site. This site will need to be reclaimed, although reclamation is not scheduled for this year.

The next site was LE-6. This site is currently in a state of suspension, although there are still reserves which will be mined in the long term future.

The next site visited was LE-16. This site has been partially reclaimed. Structures at this site include a bin, a transformer station and a tank. There is currently a concrete cap over the shaft. Nelson thought this site was originally a pre-law site which had been re-impacted by American Gilsonite, so they were doing some reclamation. They have done some reclamation this spring and will probably conduct additional reclamation here this year.

The next site was LE-18. We briefly drove by this site, which was thought to be pre-law. The revegetation success here was exceptional, compared to the other site nearby (LE-16).

The next site visited was LE-19. This site is described as being mostly reclaimed. All of the debris has been removed. A concrete cap was been poured over the shaft this spring. Remaining reclamation at the LE-19 would include respreading the salvaged soil and seeding the area, preferably in the fall.

The next site is LE-20. This site has been cleaned up and the shaft has been capped, but the area has not yet been seeded. Mr. Kunz indicated it is likely they will re-enter this site in the long term; however, for the next years or so, they probably will not enter it. They will reseed the areas they can while still leaving some of the equipment.

The next site was WH-12 (Wagonhound-12). At this site, the cleanup of assorted trash and debris looks complete. The shaft has been capped. This is another site that could be seeded this fall. In this area, there was an old mine on the Wagonhound vein which was excavated to the surface as a pre-law excavation. American Gilsonite drilled and blasted this in an effort to close the open vein. They ended up drilling and blasting a second time to improve their closure efforts which appear to have eliminated the safety hazard.

The next area visited was the Rainbow vein. The first Rainbow site was R-4. This site is located near the main access road. The concrete cap at this shaft has collapsed, or broken in two and will need to be redone. Photographs were taken of the concrete shaft and also the portions of the old Rainbow vein worked in the distance.

The next area visited was Rainbow-3 (R-3). This site has a concrete cap with a chain-link fence around it. There is some settling outside of the concrete cap on both ends, and there appeared to be an open drill hole nearby. A photograph was taken of this general area.

The next area visited was R-1 (Rainbow-1). This shaft had a concrete cap placed over it. A campsite was located nearby on BLM lands. The campsite was removed and set up in Harrison Camp. A photograph was taken of this area with the pickup truck and the concrete cap to the left of the truck; the camp area showing in the background.

The next area visited was the Harrison Camp area. At this area there was an old house trailer which had been stripped of siding and appears to be in great disrepair. There is a large amount of debris and junk in the area which will need to be cleaned up. Some of the things include a water tank, a pipeline and some power lines. Mr. Kunz indicated the power lines did not belong to American Gilsonite, but Moonlight Electric Company.

The next site visited was Harrison-2 (H-2). This site also had a considerable amount of debris and a compressed air pipeline running above ground to the camp area(?). The shaft at this site was open and needs capping. There was also a water tank at this site.

The next area visited was site H-1. This site appeared to be located on a rock outcrop. The site was rocky and had been ripped. There was some vegetation coming up on the site and there were no signs of a mine site, other than the ripped rock. The compressed air pipeline ends at this site. It runs

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from site H-1 to H-2. This area would probably satisfy the revegetation success and reclamation requirements for the Division; however, we will need to verify that this was H-1.

We did not visit site H-10, although it showed up on the list. It was too distant for us to visit in the time allotted, and we didn't have an accurate map to find it.

In conclusion, the Division was to make a first draft of a new listing of American Gilsonite sites and route that to Neldon for his review. This list will include a column describing the status of the various sites.

jb
cc: Nelson Kunz, American Gilsonite
Will Stokes, SITLA
M047010.ins

attachment: May 10, 1996 DOGM SUMMARY OF MINE SITES

American Gilsonite Company
M/047/010

SUMMARY OF MINE SITES

(May 10, 1996)

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*Mine ID	Status	Type of Property	Location	Acreage
E-15	Suspended	Pat. Claim	NW1/4 Sec. 12, T9S, R24E	1
E-14	Suspended	Pat. Claim	NW1/4 Sec. 12, T9S, R24E	1
E-21	Reclaimed			
E-29	Active - Discharge Water	Pat. Claim	SE1/4 Sec. 2, T9S, R24E	1
E-30	Active	Pat. Claim	SW1/4 Sec. 2, T9S, R24E	1
E-31	Active - Discharge Water	Pat. Claim	SW1/4 Sec. 2, T9S, R24E	1
I-9	Suspended	Pat. Claim	SE1/4 Sec. 23, T9S, R24E	1
I-10	Suspended	Pat. Claim	SE1/4 Sec. 23, T9S, R24E	1
I-24	Active	Pat. Claim	NW1/4 Sec. 23, T9S, R24E	1
I-18	Suspended - Partial Facilities	Pat. Claim	NE1/4 Sec. 22, T9S, R24E	1
I-16	Suspended	Pat. Claim	SE1/4 Sec 15, T9S, R24E	1
I-15	Suspended	Pat. Claim	SW1/4 Sec 15, T9S, R24E	1
I-30	New	State Lease # _____		
B-37	Suspended - Mostly Reclaimed - No Equipment			
B-38	Suspended	Fee	SW1/4 Sec. 16, T9S, R24E	1
B-40	Closed - Partial Reclamation	Fee	SW1/4 Sec. 16, T9S, R24E	1
B-42	Suspended	Fee	SW1/4 Sec. 16, T9S, R24E	1
B-44	Suspended	Fed. Lease - U-0126940	NE1/4 Sec. 17, T9S, R24E	1
WH-12	Closed - Partial Reclamation	Fed. Lease - U-073071	SW1/4 Sec. 27, T9S, R24E	1
WH-17	Active			

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SUMMARY OF MINE SITES

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*Mine ID	Status	Type of Property	Location	Acreage
LE-3	Reclaimed & Released	Fee	SW1/4 Sec. 30, T9S, R24E	1
LE-4	Reclaimed - 2+ years	Fee	SW1/4 Sec. 30, T9S, R24E	1
LE-5	Closed - Needs Reclamation	Fed. Lease - U-0126938	SW1/4 Sec. 30, T9S, R24E	1
LE-6	Suspended	Fed. Lease - U-0126938	SW1/4 Sec. 30, T9S, R24E	1
LE-7	Active Escapeway			
LE-16	Partial Reclamation			
LE-17	Reclaimed Spring 1996			
LE-18	Reclaimed Spring 1996			
LE-19	Reclaimed Spring 1996			
LE-20	Reclaimed Spring 1996			
PW-3	Reclaimed - 2+ years	Pat. Claim	SW1/4 Sec. 9, T11S, R24E	1
PW-4	Reclaimed - 2+ years	Pat. Claim	SE1/4 Sec. 8, T11S, R24E	1
H-1	Abandoned - Needs Reclamation - No equipment	Fee	NW1/4 Sec. 22, T11S, R24E	1
H-2	Abandoned - Needs Reclamation	Fee	NW1/4 Sec. 22, T11S, R24E	1
H-10	Abandoned - Needs Reclamation - Equipment	Pat. Claim	SW1/4 Sec. 1, T11S, R24E	1
H-Camp	Some equipment for camp	Pat. Claim	NE1/4 Sec. 25, T11S, R24E	1
R-2	Reclaimed - 2+ years	Pat. Claim	NE1/4 Sec. 25, T11S, R24E	
R-3	Reclaimed - 2+ years	Pat. Claim	SW1/4 Sec. 24, T11S, R24E	1
R-4	Reclaimed - 2+ years	Pat. Claim	SW1/4 Sec. 24, T11S, R24E	1
B-16	Active	Pat. Claim	NW1/4 Sec. 23, T9S, R24E	1
LE-19	Mostly Reclaimed	Pat. Claim		2
B-12	Active	Pat. Claim		1

DUPLICATE

* Mine ID's: E= Eureka; I=Independent; B=Bonanza; WH=Wagon Hound; LE=Little Emma; PW=Pride of the West; R=Rainbow



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